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Chair: Mr. Ružička ..... (Slovakia)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 10.10 a.m.

Organization of work (A/C.5/69/L.38)

1. **The Chair** drew attention to the proposed tentative and provisional programme of work of the Committee for the second part of the resumed sixty-ninth session, established on the basis of the note by the Secretariat on the status of preparedness of documentation (A/C.5/69/L.38).

2. **Ms. Lingenfelder** (South Africa), speaking on behalf of the Group of 77 and China, said that it was regrettable that a number of reports to be considered at the second part of the resumed session had been issued late or had not been translated into all official languages in a timely manner, which hampered delegations' preparations for their deliberations. The unfortunate tendency for peacekeeping budgets to be submitted late, in breach of the six-week rule established by the General Assembly, reduced the time available for delegations to consider the financing and policy aspects of peacekeeping operations and undermined the Assembly's oversight role. The Secretariat should continue its efforts to comply with General Assembly resolutions on the matter. It was also a matter of concern that the Advisory Committee on Administrative and Budgetary Questions was expected to deal with increasing numbers of reports within the same meeting time that it had been allocated years earlier.

3. It was her understanding that the Bureau would adjust the tentative programme of work as required during the course of negotiations. Member States must have adequate time to consider the peacekeeping budgets carefully, with the aim of approving them in time for the start of the 2015/16 financial period.

4. With respect to the item on cross-cutting issues, the Committee should take into account that the High-level Independent Panel on Peace Operations was currently conducting a comprehensive assessment of the managerial, administrative and financial challenges of peacekeeping. Member States should take a practical approach to their deliberations and bear in mind that a more comprehensive analysis might be necessary when the Panel's report was considered at the seventieth session of the Assembly.

5. In informal consultations, the Group would focus on a number of issues: ensuring that peacekeeping budgets were based on mission mandates and the real situation on the ground and were not approached as an arbitrary, across-the-board cost-cutting exercise; exploring options to find a fair solution to address unpaid assessments, accounts payable and other liabilities of closed peacekeeping missions so as to settle outstanding claims in missions with cash deficits; assessing the implementation of the global field support strategy, in particular the proposal to shift the financial model for the Regional Service Centre; and addressing the systemic issues faced by troop- and police-contributing countries, including their underrepresentation in Secretariat departments dealing with peacekeeping missions.

6. In discussions of the Committee's working methods, it was important to recall the principle of the sovereign equality of Member States. The Committee's effectiveness and efficiency were closely tied to its inclusive and transparent decision-making process. Previous attempts to conduct closed-door negotiations among restricted numbers of delegations had backfired by intensifying the mistrust among negotiating groups. The same could be said of requiring that negotiations be held at the ambassadorial level. To improve the working methods, all experts involved in the negotiations should be empowered to craft compromises and make concessions at early stages of the process. The successful deliberations at the first part of the resumed sixty-ninth session had borne out that contention. Once the current part of the resumed session had been completed, the Group would submit written input to the Chair on ways of improving the working methods.

7. **Mr. Lasso Mendoza** (Ecuador), speaking on behalf of the Community of Latin American and Caribbean States (CELAC), said that peacekeeping missions must have the necessary resources to implement their mandates. CELAC would examine closely all of the budget proposals, particularly for the United Nations Stabilization Mission in Haiti (MINUSTAH), and the estimates in respect of special political missions.

8. The Committee should take a pragmatic approach to its deliberations on cross-cutting issues pending the report of the Independent Panel to be considered at the sixty-seventh session. He expressed the hope that the Panel would conduct a comprehensive and balanced review of the issues facing peacekeeping missions and special political missions.

9. CELAC looked forward to considering the Secretary-General's fifth progress report on the implementation of the global field support strategy (A/69/651) and welcomed in particular the proposed shift in the financing model for the Regional Service Centre, which would improve transparency, scalability, resource management and oversight. Noting the report on the activities of the Office of Internal Oversight Services (OIOS) on peace operations for the period from 1 January to 31 December 2014 (A/69/308 (Part II)), he urged OIOS to continue strengthening its inspection and evaluation capacity in order to improve the efficiency and effectiveness of peacekeeping missions.

10. The peacekeeping budgets should not be treated as a single budget proposal; rather, each peacekeeping operation should have a stand-alone budget prepared in accordance with its mandate and specific needs. Moreover, budget proposals should be strictly aligned with approved mandates.

11. The Committee would be considering estimates in respect of five special political missions. CELAC maintained its position that the current financial mechanisms for such missions were inadequate and that those missions would be made more effective and efficient with the establishment of a special account under which they were financed on an annual basis from 1 July to 30 June. It was crucial to find a solution promptly and bring the lengthy discussions of the matter to an end.

12. Although CELAC was committed to improving the Committee's working methods, the need for an open and inclusive approach to resolving the issue might require that discussions of the matter continue at future sessions.

13. While recognizing the work done by the Secretariat to prepare the documentation for the Committee, he reiterated the need for further efforts to issue documents within the deadlines established by the General Assembly.

14. **Mr. Mihoubi** (Algeria), speaking on behalf of the Group of African States, expressed concern at the late submission by the Secretariat of many of the reports to be taken up by the Committee at the current part of the resumed session and the failure to have them translated into all official languages on time.

15. The proposed budgets for peacekeeping missions should take into account the specific mandate and unique circumstances of each mission. In addition, the General Assembly had repeatedly indicated that budget proposals must be based on existing mandates approved by the Security Council. That meant presenting a budget that covered a 12-month period, together with a request for full assessment. The African States would not agree to an approach that prejudged any mandate.

16. The field trip conducted by Committee members in February 2015 had offered a welcome opportunity for delegations to witness the challenges of peacekeeping missions, particularly in the areas of security and safety; facilities and infrastructure, including accommodations; logistical support; and medical structures and support. The Group would scrutinize the budget proposals in order to ensure that those issues were addressed. In addition to the proposed budgets for individual peacekeeping missions, the Group would examine with particular interest the proposals on closed peacekeeping missions, United Nations support to African Union missions, the Regional Service Centre in Entebbe, Uganda, and special political missions. It would also examine the issues outlined by the Board of Auditors, including those related to budget formulation and implementation and the global field support strategy.

17. Hard work, frankness and transparency would enable delegations to deal with their heavy workload at the second part of the resumed session. The Committee should refrain from negotiations restricted to small groups behind closed doors, and should complete its work within the time frame set out in the programme of work.

18. **Ms. Power** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, the Republic of Moldova and Ukraine, said that the European Union would continue to do what was necessary to ensure that United Nations peacekeeping was able to address ever-changing and complex crises in order to advance peace and security in the world. Recognizing the demanding conditions in which peacekeepers worked, she paid tribute to those who had lost their lives in the pursuit of peace.

19. The States members of the European Union contributed troops, police and other personnel to United Nations-mandated peacekeeping operations and other relevant activities. As the largest collective financial contributor, with contributions totalling 36.8 per cent of the overall peacekeeping budget, they had a strong interest in making United Nations peacekeeping more efficient and effective. They would closely examine the related budget proposals with a view to providing missions with adequate financing to carry out their mandates.

20. The proposed budgets for the financial period from 1 July 2015 to 30 June 2016 totalled $8.49 billion. Ongoing budgetary constraints in the countries of the European Union meant that strict budgetary discipline remained necessary, so that resources would be used effectively and efficiently with accountability and transparency.

21. Cross-cutting issues were of particular importance to the European Union. She expressed optimism that, after two years in which the Committee had been unable to agree on a resolution on the matter, it would be able to achieve a successful outcome on at the current session.

22. The European Union also looked forward to discussing the United Nations Mission for Ebola Emergency Response (UNMEER) with a view to facilitating the seamless transition of its functions to national authorities and United Nations agencies and implementing partners.

23. **Mr. Minami** (Japan) said that Japan stood ready to provide necessary resources for peacekeeping operations, which contributed greatly to international peace and security. Nevertheless, such operations must be efficient, effective and accountable. He expressed concern at the incremental budgeting and the unprecedentedly high overall budget request, which amounted to $8.5 billion. His delegation would engage in negotiations with a view to achieving agreement on budget levels that neither exceeded nor fell short of the requirements for the implementation of each mission's mandate. It would pay particular attention to the funding for peacekeeping missions in the drawdown and closure phases and the levels of civilian staff costs and operational costs. Cross-cutting issues were another important item; his delegation would raise in informal consultations questions about a second shared service centre and the creation of a separate budget for the Regional Service Centre.

24. **Ms. Coleman** (United States of America) said that the Committee played a vital role in scrutinizing the Secretary-General's proposals in order to ensure that peacekeeping budgets reflected actual requirements, were based on realistic planning assumptions and incorporated prudent management initiatives. She commended the Secretary-General on his efforts to identify efficiencies in his budget requests.

25. New and emerging threats in the field were a stark reminder that peacekeepers operated in difficult and dangerous environments; her delegation recognized the dedicated peacekeeping professionals and paid tribute to those who had given their lives in the cause of peace.

26. Harsh operating environments had required adjustments to the mandate or posture of several missions, including the United Nations Disengagement Observer Force (UNDOF) and the United Nations Mission in South Sudan (UNMISS). Deployment to the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) was ongoing and the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) would continue to expand its presence in the north to stabilize key population centres.

27. Her delegation welcomed many of the initiatives — such as strategic assessments of missions, civilian staffing reviews and military capability studies — undertaken by the Secretary-General to ensure that resources matched mandates. The work of the Office for the Peacekeeping Strategic Partnership in the Department of Peacekeeping Operations was critical to addressing systemic challenges in peacekeeping.

28. Implementation of the global field support strategy would be concluded in June 2015 and the Secretariat would continue to mainstream the strategic approach into its work. Her delegation strongly supported the concept of shared services for peacekeeping. In addition, the findings of the Expert Panel on Technology and Innovation in United Nations Peacekeeping should be implemented, as technology and innovation must be embedded into the organizational culture in order to be effective force multipliers. Fostering a culture of innovation within the

Organization and making better use of open-source information would enhance decision-making.

29. Performance was critical to maintaining support for and the credibility of peacekeeping operations. Stronger measures should be taken to combat sexual exploitation and abuse; her delegation would press for further accountability on those issues. There should also be strengthened oversight to prevent and detect corruption, fraud and abuse.

30. Her delegation stood ready to assist in the continuing efforts to improve the Committee's working methods.

31. **Mr. Khalizov** (Russian Federation), noting that the overall budget proposal for peacekeeping operations had reached the unprecedented level of nearly $8.5 billion, said that Member States must work with the Secretariat to identify further sources of savings. While the Secretariat had already made significant efforts to that end, the reports of the Board of Auditors, OIOS and the Advisory Committee indicated that measures could be taken in certain areas to further improve effectiveness and efficiency. The optimization of expenditure must not, however, have a negative impact on the implementation of approved mandates.

32. The Committee must take a responsible approach in considering the Secretary-General's proposals on the global field support strategy. While implementation of the strategy was scheduled to be completed by July 2015, the Board of Auditors in its latest report (A/69/5 (Vol. II)) had expressed doubt that that deadline would be met. The Board also noted inadequacies in the development of key performance indicators and the cost-benefit analysis of implementation of the strategy. When it took up the matter, the Committee should consider the fact that Member States had not yet received specific proposals on the global service delivery model, which could significantly affect the implementation of the strategy.

33. **Ms. Nalwanga** (Uganda), expressing recognition of the important work of uniformed and civilian peacekeeping personnel, paid special tribute to those who had lost their lives in the noble cause of peace. During the forthcoming deliberations, her delegation would pay particular attention to the recommendations of the Board of Auditors, the global field support strategy, the budgetary aspects of the financing of peacekeeping and reforms in peacekeeping. The concerns raised by the Group of African States with respect to the budget proposals should be addressed so as to enable missions to fulfil their mandates. Given the Organization's primary responsibility for maintaining international peace and security, she looked forward to the discussions on standardized payments for missions with a United Nations mandate and the global field support strategy.

34. **Mr. Guo** Xuejun (China) said that providing peacekeeping missions with adequate resources would ensure that the United Nations could make full use of its peacekeeping capabilities for the maintenance of international peace and security. His delegation would seek to build capacity, reduce waste and ensure that peacekeeping missions were able to fulfil their mandates more effectively. The needs of troop-contributing countries should be accommodated and those countries should be fully reimbursed. The views of all delegations should be taken into consideration; that was particularly important for the African States, where most peacekeeping missions were deployed.

35. He paid tribute to the contributions of United Nations peacekeepers, in particular those who had made the ultimate sacrifice while doing their duty.

36. Member States should pay their assessments in full, on time and without preconditions in order to ensure the sound financing of peacekeeping operations.

37. While it was regrettable that the documents for the current part of the session had not been circulated on time, it was to be hoped that the Committee would nevertheless complete its work in a timely manner.

38. **The Chair** said that he took it that the Committee wished to approve the proposed programme of work on the understanding that adjustments would be made as necessary during the course of the session.

39. It was so decided.

Agenda item 130: Financial reports and audited financial statements, and reports of the Board of Auditors (*continued*)

(b) United Nations peacekeeping operations (A/69/5 (Vol. II), A/69/781 and A/69/838)

40. **Mr. Kitauli** (Chair of the Audit Operations Committee of the Board of Auditors), introducing the financial report and audited financial statements for the 12-month period from 1 July 2013 to 30 June 2014 and

report of the Board of Auditors on United Nations peacekeeping operations (A/69/5 (Vol. II)), said that the financial statements for the year ended 30 June 2014 were the first prepared in accordance with the International Public Sector Accounting Standards (IPSAS), which had posed a major challenge for management. That had resulted in a delay in the preparation of the financial statements for field missions, which had in turn necessitated additional checks during the audit at Headquarters. After significant errors were detected by the auditors, the statements had been corrected and re-submitted. In addition, the Board had been unable to undertake field audits of the United Nations Mission in Liberia (UNMIL) owing to travel restrictions following the Ebola outbreak and of UNDOF owing to security considerations. The Board had used alternative audit procedures to obtain reasonable assurance that the financial statements of those missions were free from material misstatement.

41. The Board had issued an unqualified opinion for the financial period ended 30 June 2014. The Administration had thus successfully completed the transition of the peacekeeping accounts from the United Nations system accounting standards to IPSAS; it now faced the challenge of improving systems, strengthening internal control, and improving the decision-making process and financial management in order to deepen the results achieved and realize the full potential of IPSAS-based financial statements for peacekeeping operations.

42. While the Board acknowledged the progress achieved by the Administration, it noted continuing deficiencies in some business processes. In asset management, there were delays in the write-off of assets valued at $12.2 million in 11 missions and delay in the disposal of written-off assets valued at $22.8 million in 12 missions. The total value of assets not used for periods exceeding six months since their entry into stock in four missions amounted to $55.23 million, while items valued at $3.17 million could not be located during physical verification in four missions.

43. There was considerable scope for greater transparency and efficiency in the procurement and contracting processes that could result in savings and the quicker provision of equipment and services to field missions. The Board had noted instances of inconsistent application of the Procurement Manual with respect to obtaining security instruments that had commercial implications for vendors and affected the Organization's ability to protect its interests in the event of vendor non-performance. The recommendations of the Headquarters Committee on Contracts and local committees on contracts were not given due importance. The primary function of those committees, as defined in the Procurement Manual, was to provide external scrutiny of procurement actions in order to promote transparency, accountability and adherence to the rules and regulations. The Board had noted instances in which contracts had been extended or amended without reference to the committees' recommendations. A good procurement process — characterized by fairness, integrity, transparency, impartiality, best value for money and compliance with rules — was important for an Organization that procured a large volume of equipment and services from a range of suppliers in varied environments. The Board therefore recommended a review of the current arrangements and the Procurement Manual in order to ensure consistent application of the provisions so as to protect the Organization's interests and the role of the committees on contracts as an effective internal control mechanism.

44. Despite steps taken by the Administration to improve the utilization of air resources, the underutilization of flight hours had increased from 13 per cent in 2012/13 to 20 per cent in 2013/14. The Board had noted wide variations in the cost of flight operations for the same kind of aircraft operating under similar circumstances. Furthermore, the Strategic Air Operations Centre of the Global Service Centre had been unable to achieve its objective of identifying economies and efficiencies in flight operations.

45. While considerable progress had been achieved in the implementation of the global field support strategy, it had not progressed according to schedule and it was unlikely that all the activities planned for completion by the end of June 2015 would be concluded. Such initiatives as supply chain management, expansion of shared services and development of a business analytics framework would be implemented after June 2015. Implementation of the strategy must be escalated with a revised and realistic implementation plan, together with a clear benefits realization plan that should be regularly reviewed by management.

46. The Advisory Committee had requested the Board to conduct a comprehensive audit of official travel and deployment of information and communications technology (ICT) in peacekeeping. The audit had begun during the current audit cycle and would continue in the following year. The Board noted that expenditure on official travel had increased from $51.05 million in 2012/13 to $65.55 million in 2013/14, exceeding the approved budgetary allocation by 25 per cent. In its report for the year 2011/12 (A/67/5 (Vol. II)), the Board had recommended that the Administration should monitor compliance with the policy on advance purchase of tickets for official travel. High levels of non-compliance had been noted in the Department of Field Support and in the field missions reviewed. Stricter enforcement of the policy was needed in order to avoid the unnecessary inflation of travel expenditure.

47. The Board had conducted an audit of ICT resources used for peacekeeping at Headquarters and in the Global Service Centre, the Regional Service Centre and six missions: UNMISS, MINUSMA, the African Union-United Nations Hybrid Operation in Darfur (UNAMID), the United Nations Interim Security Force for Abyei (UNISFA), the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO). The review had found wide variations between budgetary allocations and expenditure in the six missions and the Regional Service Centre. In addition, when existing or changing standards were reviewed, undue emphasis was placed on considerations such as the dominant market position of a firm or product and continuity and interoperability, rather than a cost-benefit analysis of competing firms, products and services as envisaged under the Financial Regulations and Rules. Other shortcomings included a lack of evaluation of the cost of change or migration and an empirical evaluation of the options available for fulfilling operational requirements or how the product or company being selected would fulfil those requirements; a lack of delineation of responsibilities and procedures to ensure a quick, effective and orderly response to information security incidents; and insufficient cyberemergency response procedures or designated teams to assess, respond to and mitigate cybersecurity breaches.

48. The Board recommended, inter alia, a more empirical and transparent process of setting standards, the conduct of a cost-benefit analysis when adopting new standards, the development of a comprehensive information security policy and review of the procedures for the deployment of ICT assets. Other recommendations included undertaking a concerted awareness drive to sensitize users to information security threats and exploring the possibility of establishing an Organization-wide computer emergency response mechanism to respond to cyberincidents and conduct real-time analysis to develop defensive measures that would secure United Nations information assets, resources and data.

49. **Ms. Bartsiotas** (Controller) introduced the Secretary-General's report on the implementation of the recommendations of the Board of Auditors concerning United Nations peacekeeping operations for the financial period ended 30 June 2014 (A/69/781). The recommendations pertained to the first financial reports prepared by the Secretariat under IPSAS, which had represented a major challenge for the Organization. The task had been completed through the concerted efforts of many stakeholders in the field and at Headquarters, and the Board of Auditors.

50. The Administration concurred with most of the Board's recommendations, and many of its comments were reflected in the Board's report (A/69/5 (Vol. II)). The Secretary-General's report provided additional comments and information on the status of implementation of, department responsible for, estimated completion date of and priority assigned to each recommendation. It had been issued in response to General Assembly resolution 48/216 B, in which the Assembly requested the Secretary-General to report on measures taken or to be taken in response to the recommendations of the Board; resolution 52/212 B concerning the implementation of recommendations; and resolution 68/19 B, in which the Secretary-General was requested to continue to indicate an expected time frame and priorities for such implementation, including the office holders to be held accountable and measures taken in that regard; and the Advisory Committee's report on the financial reports and audited financial statements and reports of the Board of Auditors for the period ended 31 December 2013 (A/69/386), in which the Advisory Committee requested details of recommendations that had not been accepted, including a summary explanation for non-acceptance.

51. The Secretary-General's report indicated medium- and high-priority recommendations related to

the global field support strategy, ICT, asset management, and procurement and air transport, and clearly stated the current status, expected completion date and departments responsible. Where recommendations of the Board had not been accepted, an explanation was provided. The Administration was pleased to note that the Board had reported an increase in the rate of implementation of its recommendations from 43 per cent in the 2011/12 financial period to 51 per cent in the 2012/13 period.

52. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/69/838), said that the Board of Auditors had issued an unqualified opinion on the accounts of the United Nations peacekeeping operations for the period ended 30 June 2014, based on its examination of the financial statements prepared in accordance with IPSAS. The Advisory Committee commended the Board on the quality of its report and its initiation of the review of travel management and ICT resources.

53. The financial statements for the period ended 30 June 2014, the first prepared in accordance with IPSAS, gave greater insight into the financial position of peacekeeping operations. The Advisory Committee commended the Board for guiding the implementation of IPSAS through its observations and recommendations and expressed the view that its engagement with the project team on specific issues of concern should continue after implementation was completed.

54. With regard to specific observations of the Board, ageing stock and unutilized flight hours budgeted across missions continued to cause concern. While the Administration had taken steps to improve budget formulation and management, it should ensure that budgetary projections were realistic and that redeployments were permitted only with full justification. On the basis of those observations and others relating to procurement and contracts, official travel, assets and air operations, the Advisory Committee considered that the management of those areas should be strengthened.

55. Over the preceding years, the Board had repeatedly drawn attention to weaknesses in the management of peacekeeping operations. Internal control measures and monitoring mechanisms should be reinforced; the Advisory Committee trusted that the Secretary-General would strengthen the internal control framework.

56. **Ms. Lingenfelder** (South Africa), speaking on behalf of the Group of 77 and China, said that the Board of Auditors played an essential role as a United Nations external audit and oversight body and commended the Board on the quality of its report. The Group welcomed the preparation and auditing of the financial statements for the period ended 30 June 2014 in accordance with IPSAS, despite the challenges. The Administration should remedy the weaknesses identified by the Board so as to improve the statements in the future.

57. The Group noted that the Board's report contained 63 recommendations, of which 22 were characterized as main recommendations, compared with a total of 49 recommendations, including 13 main recommendations, issued for the previous financial period. The Group would seek detailed information regarding the current recommendations in informal consultations.

58. The Group noted the Board's observations and recommendations related to IPSAS implementation, budget formulation and implementation, travel management, air transportation, procurement, asset management, the Regional Procurement Office and the global field support strategy. It was a matter of deep concern that, despite improvement in some of those areas, weaknesses persisted in asset management, budget implementation, procurement, and ICT. The Group was also concerned that the global field support strategy continued to have serious weaknesses, even as it entered the final stage of implementation. The Group would seek clarification of those issues in informal consultations.

59. Of the 49 recommendations issued by the Board for the financial period 2012/13, 25 had been implemented, 17 had been partially implemented and 7 had been overtaken by events. The Group welcomed the 8 per cent increase in the implementation rate compared to the 2011/12 period.

60. The Board's recommendations should be implemented in a timely manner. The Administration should set the time frame and priorities for such implementation, hold individuals accountable for shortcomings, identify the root causes of recurring issues and minimize the ageing of recommendations.

61. **Ms. Power** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia and Ukraine, said that the States members of the European Union attached great importance to the role of the Board of Auditors, which contributed through its high-quality reports and recommendations to the development of a more accountable and transparent United Nations. Such independent expertise was essential in peacekeeping, where the volume of activities and the budget level had increased. The Board's report contained information indispensable to the Committee's decision-making.

62. The United Nations should assign a high priority to improvements in budget formulation, the redeployment of resources, asset and travel management, procurement and contracting, the global field support strategy, air transportation, construction projects, quick-impact projects and ICT.

63. Although she welcomed the Administration's efforts to increase the rate of implementation of the Board's recommendations, including those related to the monitoring of expenditure, more detail regarding the action taken to address the Board's concerns and strengthen the internal control framework in peacekeeping operations was needed.

64. **Ms. Mahmud** (United States of America) said that expert oversight of United Nations operations and finances was essential to the achievement of peacekeeping missions' mandates. Her delegation welcomed the increase in the rate of implementation of the Board's recommendations for the 2012/13 financial period and recognized the Secretary-General's efforts to ensure that the 2013/14 financial statements for peacekeeping missions were IPSAS-compliant.

65. Budget formulation processes should be strengthened. Particular attention should be given to travel management, since travel expenditure had exceeded the approved budget by 25 percent and the proportion of unutilized flight hours had increased to 20 percent in 2013/14. The Strategic Air Operations Centre should identify potential efficiencies in flight operations.

66. Although her delegation welcomed the Secretary-General's efforts to improve asset management, missions should monitor the level of ageing stock, follow the procedures related to equipment that was not in use and properly assess requirements before purchasing items.

67. Effective procurement and contract management allowed missions to carry out their functions with greater efficiency and improved performance. The United States was concerned about the Board's observation regarding delays in procurement processes and the need for better oversight of internal control mechanisms to ensure that missions made the best use of resources.

68. Improving the effectiveness of peacekeeping was no easy task, and the United States recognized the Secretary-General's achievements in reforming United Nations management practices. Her delegation would work with the Secretariat to improve adherence to such practices, which would ensure high-performing, cost-effective peacekeeping operations.

Agenda item 148: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Updated financial position of closed peacekeeping missions as at 30 June 2014 (A/69/659 and A/69/827)

69. **Ms. Bartsiotas** (Controller), introducing the Secretary-General's report on the updated financial position of closed peacekeeping missions as at 30 June 2014 (A/69/659), said that, as at 30 June 2014, 20 of the 25 closed peacekeeping missions had cash surpluses which could be credited to Member States, in the total amount of $58.9 million. Five of the missions had cash deficits totalling $86.7 million, owing to outstanding payments of assessed contributions.

70. As had been explained in previous reports of the Secretary-General, liquidity in active peacekeeping missions was volatile and their cash shortages were alleviated using the cash surpluses of closed missions. Despite improvements in recent years, significant cross-borrowing was still required. The General Assembly should consider temporary financing options for missions experiencing cash shortages.

71. The Secretary-General proposed that active missions should be authorized to borrow the surplus funds of other such missions on a case-by-case basis, within a limit of $100 million, representing 1.4 per

cent of the total cost of peacekeeping operations. Each loan would be repaid in part or in full as soon as the liquidity of the borrowing mission allowed. Close monitoring by the Secretary-General would be accompanied by quarterly online reporting by the Office of Programme Planning, Budget and Accounts to ensure transparency and accountability.

72. Another option was the establishment of a peacekeeping working capital fund in the amount of $100 million, financed either through assessment or through a transfer from the unencumbered balance of active peacekeeping operations for the financial period 2013/14.

73. If no mechanism was approved to address the cash requirements of active peacekeeping operations, the General Assembly was requested to allow the retention of the net cash balance of $59 million available in the closed missions. The Secretary-General's proposals were designed to sustainably resolve the recurrent problem of liquidity in peacekeeping missions.

74. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/69/827), recalled that the General Assembly had decided to defer to the current session the three previous reports of the Secretary-General on the matter and the related reports of the Advisory Committee. The Advisory Committee reiterated its observations and recommendations on the proposals contained in those reports of the Secretary-General, so that the Assembly could examine them in conjunction with the Advisory Committee's latest report.

75. The Advisory Committee noted the improved cash position of the closed peacekeeping missions and expected that the cash surpluses available for credit to Member States would be returned in full and in a timely manner. Temporary borrowing from those cash surpluses by active missions had declined over the preceding three years but remained a matter of concern because such missions continued to rely on borrowing to meet cash flow requirements resulting from delays in the receipt of assessed contributions. The Advisory Committee reiterated the General Assembly's call for Member States to pay their assessed contributions in full and on time.

76. The Secretary-General's proposal for the General Assembly to authorize limited borrowing among active peacekeeping missions to meet temporary cash flow requirements could be an inducement for the late payment of assessed contributions. The establishment of a $100 million working capital fund for peacekeeping missions would entail assessing Member States that had already paid their contributions.

77. The Secretary-General's proposals had not addressed the Advisory Committee's reservations regarding the use of resources due to Member States that had paid their contributions in full and on time to meet the obligations of Member States that had not done so. The Advisory Committee urged the Secretary-General to continue exploring the available options to address the issue of late payment of assessed contributions.

78. The Advisory Committee recommended that the General Assembly should request the Secretary-General to return to Member States the amount of $28 million out of the total of $90 million in the accounts of 20 closed peacekeeping operations as at 11 February 2015, leaving a balance of $62 million, and that the updated balances for those operations should be provided to the General Assembly when it considered the Secretary-General's report.

79. **Ms. Lingenfelder** (South Africa), speaking on behalf of the Group of 77 and China, said that the cash deficits in several closed peacekeeping missions owing to the non-payment of contributions by some Member States had resulted in the United Nations owing substantial amounts to troop- and police-contributing countries that had fulfilled their financial obligations.

80. Member States were legally obligated under the Charter to pay their assessed contributions in full, without conditions and in a timely manner. The Group concurred with the Secretary-General that the cash requirements of active peacekeeping operations should be properly addressed. However, it was also important to find a viable solution to the problem of outstanding payments to troop-contributing countries, regardless of the cash deficits in closed peacekeeping operations. The Group welcomed the Secretary-General's proposals on the matter, made pursuant to General Assembly resolution 65/293, but considered that any proposal other than full payment of the outstanding amounts to troop-contributing countries was unfeasible, since such payment was long overdue.

Agenda item 150: Financing of the United Nations Mission in the Central African Republic and Chad (A/69/596 and A/69/841)

Agenda item 156: Financing of the United Nations Integrated Mission in Timor-Leste (A/69/589 and A/69/851)

Agenda item 158: Financing of the United Nations Interim Administration Mission in Kosovo (A/69/591, A/69/729 and A/69/839/Add.10)

Agenda item 163: Financing of the United Nations Mission in the Sudan (A/69/579 and A/69/848)

Agenda item 164: Financing of the United Nations Supervision Mission in the Syrian Arab Republic (A/69/594, A/69/594/Corr.1 and A/69/847)

Agenda item 165: Financing of the United Nations Mission for the Referendum in Western Sahara (A/69/595, A/69/730 and A/69/839/Add.3)

81. **Ms. Bartsiotas** (Controller), introducing the Secretary-General's reports on the financing of the United Nations Mission in the Central African Republic and Chad (MINURCAT) (A/69/596), the United Nations Integrated Mission in Timor-Leste (UNMIT) (A/69/589) and the United Nations Supervision Mission in the Syrian Arab Republic (UNSMIS) (A/69/594 and A/69/594/Corr.1), said that the assets of MINURCAT, with a total inventory value of $127.3 million, and UNMIT, with a total inventory value of $34.3 million, had been disposed of as at 30 June 2014, and the assets of UNSMIS, with a total inventory value of $15.7 million, had been disposed of as at 15 September 2014, in accordance with regulation 5.14 of the Financial Regulations and Rules of the United Nations. The General Assembly was requested to take note of the reports.

82. With regard to the Secretary-General's final performance report on the United Nations Mission in the Sudan (UNMIS) (A/69/579), the General Assembly was requested to credit to Member States the cash balance of $21.4 million available in the UNMIS special account as at 30 June 2014.

83. Turning to the Secretary-General's reports on the budget performance of the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2013 to 30 June 2014 (A/69/591) and the budget for UNMIK for the period from 1 July 2015 to 30 June 2016 (A/69/729), she said that the proposed 2015/16 budget amounted to $41.4 million, representing a decrease of 3.6 per cent compared to the 2014/15 budget, primarily attributable to lower civilian personnel costs and partly offset by an increase in ICT resources.

84. Introducing the Secretary-General's reports on the budget performance of the United Nations Mission for the Referendum in Western Sahara (MINURSO) for the period from 1 July 2013 to 30 June 2014 (A/69/595) and the budget for MINURSO for the period from 1 July 2015 to 30 June 2016 (A/69/730), she said that the proposed 2015/16 budget amounted to $53.3 million, representing a decrease of 1.2 per cent compared to the 2014/15 budget, primarily attributable to a decrease in the number of posts.

85. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on MINURCAT (A/69/841), said that the Advisory Committee recommended that assets transferred to other missions should be recorded according to their depreciated value, in accordance with IPSAS.

86. With regard to the Advisory Committee's report on UNMIT (A/69/851), he said that the Secretary-General should provide the General Assembly with information on the actual disposition of all assets donated to the Government of Timor-Leste.

87. Turning to the Advisory Committee's report on UNSMIS (A/69/847), he emphasized an inventory discrepancy in the number of armoured vehicles transferred to the Office of the Joint Special Representative of the United Nations and the League of Arab States for Syria. Since such vehicles were valued at $130,000 each, the Secretary-General should provide an update on their status to the General Assembly.

88. In its report on UNMIS (A/69/848), the Advisory Committee reiterated that cash surpluses available for credit to Member States should be returned in full and in a timely manner. The Advisory Committee recommended that the Secretary-General should be requested to use his good offices to engage Member States in resolving the issue of unpaid contributions.

89. In its report on cross-cutting issues related to peacekeeping operations (A/69/839), the Advisory Committee had made a recommendation concerning the apportionment of costs related to applications developed by the Office of Information and Communications Technology and to the supply chain management initiative that affected the budget proposals for UNMIK and MINURSO. The Advisory

Committee did not concur with the Secretary-General's proposal that the missions should be charged for the entirety of such costs and recommended that the related requirements should be removed from the mission budget proposals, resulting in reductions under ICT, consultancy services and official travel. The related adjustments were reflected in the Advisory Committee's report on the support account (A/69/860).

90. The recommendations made by the Advisory Committee in its report on UNMIK (A/69/839/Add.10) would entail a net increase of $62,800 in the proposed budget. In relation to civilian staffing, the Advisory Committee recommended against the proposed abolishment of the P 4 post of Conduct and Discipline Officer, in line with its recommendation endorsed in General Assembly resolution 68/290.

91. In its report on MINURSO (A/69/839/Add.3), the Advisory Committee recommended a reduction of $815,500 in the proposed budget for 2015/16. With regard to the decision to acquire surplus vehicles from other missions instead of purchasing new ones, other missions should be encouraged to take similar cost-saving measures. The Advisory Committee was concerned about the Mission's precarious financial position, which resulted from the late receipt of assessed contributions, and called on the Secretary-General to explore options for addressing the issue.

92. **Ms. Lalic Smajevic** (Serbia) said that her Government strongly supported the efforts of UNMIK to ensure the peaceful coexistence of the residents of the province of Kosovo and Metohija, the security of local communities and respect for their human rights. The Mission's status-neutral approach was the only framework within which the lives of ordinary people could be improved. The Mission was essential to stability in the province and to a sustainable solution to the question of Kosovo and Metohija.

93. In his report on the budget for UNMIK for the period from 1 July 2015 to 30 June 2016 (A/69/729), the Secretary-General emphasized that the Mission's strategic objective was to strengthen and consolidate peace, security and stability in Kosovo and the region, pursuant to Security Council resolution 1244 (1999). UNMIK should provide technical assistance and support for the implementation of the political and technical agreements reached between Belgrade and Pristina in the framework of the European Union-facilitated dialogue, in particular the "First agreement of principles governing the normalization of relations" of 19 April 2013, and should play an active role in the establishment of an association or community of Serb majority municipalities, the return of internally displaced persons, the determination of the fate of missing persons, the protection and preservation of cultural and religious heritage sites, the monitoring of the situation in the special protective zones and the facilitation, whenever necessary and by agreement, of Kosovo's participation in international meetings.

94. To that end, UNMIK must be adequately staffed and financed. Her Government had been concerned for many years about reductions in the number of international personnel in both the substantive and support components. With fewer staff, the Mission could not fulfil its mandate, the implementation of which was essential to all concerned, in particular the non-Albanian population of Kosovo and Metohija, whose rights were violated and whose freedom of movement and security were threatened. Despite the financial restrictions on United Nations peacekeeping operations, the Mission's staff should not be reduced and its activities should be reinforced. Although the proposed budget did not call for a reduction in the number of substantive international posts, it made no provision for an increase either.

95. Serbia regretted that the Secretary-General had once again proposed the abolishment of the P-4 post of Conduct and Discipline Officer. The declining number of Mission personnel had not reduced the need for prevention-related activities or the caseload of misconduct allegations; and conduct and discipline functions could not be ensured by a focal point designated within UNMIK. Cases could not be handled or misconduct prevented in a timely manner from a non-Mission location. She noted that the Advisory Committee recommended against the proposed abolishment in its report on UNMIK (A/69/839/Add.10).

96. Although she welcomed the provision of $414,000 for the implementation of 20 quick-impact projects designed to address inter-municipal and inter-ethnic cooperation, community reconciliation and local economic, social and cultural issues, the financial resources proposed for such implementation were inadequate.

97. The reduction of the Mission's size through the abolishment of posts must stop. Even minor downsizing would adversely affect the implementation of the mandate. All posts, particularly those that had long been vacant, should urgently be filled.

The meeting rose at 12.10 p.m